

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7199**

**BILL NUMBER:** HB 1297

**NOTE PREPARED:** Jan 10, 2013

**BILL AMENDED:**

**SUBJECT:** Annexation.

**FIRST AUTHOR:** Rep. Mayfield

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** *Maximum Levy:* The bill provides that in determining a municipality's levy limits for a particular ensuing calendar year, the cap on increased assessed value applies to all annexations of a municipality occurring in the particular ensuing calendar year.

*Remonstrance:* The bill provides that after June 30, 2013, an annexation may be defeated without showing at the hearing that:

- (1) at least 65% of the owners of land in the annexation territory continue to oppose the annexation; or
- (2) the owners of more than 75% in assessed valuation of the land in the annexation territory continue to oppose the annexation.

The bill provides that after June 30, 2013, in an annexation in which 80% of the boundary of the annexation territory is contiguous to the municipality and the territory consists of not more than 100 parcels, an annexation may be defeated without showing at the hearing that at least 75% of the owners of land in the annexation territory continue to oppose the annexation.

**Effective Date:** Upon passage; July 1, 2013.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

### **Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Maximum Levy:* Under current law, in addition to annual increases in the maximum levy, a taxing unit's maximum levy is increased in year in which the unit annexes territory. The increase is equal to the percentage change in the unit's assessed value due to the annexation, capped at 15%. This bill would clarify that the 15% cap applies for the entire year regardless of the number of annexations completed during the year.

*Remonstrance:* Under current law, an annexation may be appealed to the Superior Court with a remonstrance filed by either (1) at least 65% of the land owners in the annexation area, or (2) the owners of land that accounts for more than 75% of the assessed valuation (AV) of all land in the annexation area.

At the court hearing, the court must currently order an annexation not to take place if all of the following conditions exist:

- 1) Police and fire protection as well as street and road maintenance are adequately furnished by an entity other than the municipality;
- 2) The annexation will have a significant financial impact on the residents or land owners;
- 3) The annexation is not in the best interests of the land owners in the annexation area;
- 4) The annexation is opposed by land owners in the same proportions as those required to file the remonstrance; and
- 5) The annexation is opposed by at least 75% of the land owners if (a) 80% of the annexation boundary is contiguous to the municipality, and (b) the annexation area does not exceed 100 parcels.

This bill would eliminate requirements (4) and (5) regarding land owners in opposition. The elimination of requirement (4) could increase the number of annexations that are ordered not to take place if some of the original remonstrators are later unopposed to the annexation. The elimination of requirement (5) could increase the number of annexations that are ordered not to take place if there are enough land owners (65%) to sign the remonstrance but there are less than 75% in opposition.

### **State Agencies Affected:**

**Local Agencies Affected:** Municipalities.

### **Information Sources:**

**Fiscal Analyst:** Bob Sigalow, 317-232-9859